

be paid by FmHA or its successor agency under Public Law 103-354.

(d) *Replacement of called or fully paid notes.* Certain insurance endorsements contain a clause or rider providing for a replacement note when the original note is paid in full, or is called by FmHA or its successor agency under Public Law 103-354. This provision applies to loans sold for a fixed period of 10 years or longer for loans sold on or after December 1, 1969, and a fixed period of 15 years or longer for loans sold before December 1, 1969. If a note is paid in full or called by the Government and the lender is entitled to a replacement note, the lender may obtain a certificate of beneficial ownership in lieu of the replacement note. The certificate will carry the rates and terms applicable to the replacement note.

(e) *Death of a noteholder.* The Finance Office should be notified of the death of a holder of an insured note. The following documents should be forwarded with the notice if available:

(1) A certified copy of the death certificate.

(2) A certified copy of the court order appointing the Administrator or Executor (include the mailing address of the Administrator or Executor). The Finance Office will notify the person submitting the notice and/or documentation if any other records or documents are needed, and will provide any additional instructions that are needed. Legal opinions and advice will be obtained by the Finance Office as needed from the Regional Attorney.

§ 1901.509 Loss, theft, destruction, mutilation, or defacement of insured notes, insurance contracts, and certificates of beneficial ownership.

(a) *Block sale insurance contracts.* The Associate Administrator is authorized in connection with block sale insurance contracts to authorize the FmHA or its successor agency under Public Law 103-354's fiscal agent to establish requirements for issuance of a replacement insurance contract when the original issued by the Federal Reserve Bank of New York (FmHA or its successor agency under Public Law 103-354's fiscal agent) is lost, stolen, destroyed, mutilated, or defaced. When a block sale insurance contract is lost,

stolen, or destroyed, a duplicate may be issued to the registered holder upon receipt of an acceptable certificate of loss and an indemnity bond without surety. The certificate of loss should include the legal name and present address of the owner and address when issued, if different from the present address; the capacity of person certifying, if other than owner; the identity of the insurance contract, including series number, contract number, denomination, issue date, and form of inscription of registry, and the full statement of circumstances of loss. All available portions of an insurance contract that is mutilated, defaced, or partially destroyed should be submitted to the Federal Reserve Bank of New York (FmHA or its successor agency under Public Law 103-354's fiscal agent) for determination as to whether a duplicate insurance contract can be issued without a certificate of loss and posting of an indemnity bond. In the event the holder of a block sales insurance contract obtains possession of the underlying notes, the requirements of paragraph (b) of this section apply.

(b) *Notes and certificates of beneficial ownership sold by County Office and Finance Office.* The Director, or the insured loan officer of the Finance Office, is authorized on behalf of the Government, in connection with insured notes or certificates of beneficial ownership sold through the FmHA or its successor agency under Public Law 103-354 Finance Office to require indemnity bonds from a noteholder when a note or certificate is lost, stolen, destroyed, mutilated, or defaced while in the custody of the holder or his designee. When a note or certificate of beneficial ownership is lost, stolen, or destroyed while in the custody of the holder or his designee, the following will apply:

(1) A certificate of loss should be filed with FmHA or its successor agency under Public Law 103-354 Finance Office. The certificate should include:

(i) Legal name and present address of owner when issued, if different from present address.

(ii) Capacity of person certifying, if other than the owner.

(iii) Identity of the note or certificate of beneficial ownership, including the name and FmHA or its successor

agency under Public Law 103–354 case number of the maker thereof, issue date, interest rate of obligation, face amount of note or certificate of beneficial ownership, and a full description of any assignment, endorsement, or any other writing.

(iv) A full statement of circumstances of the loss, theft, or destruction of the note.

(2) An indemnity bond in the amount of the unpaid principal and interest will be required except in the following instances:

(i) Substantially the entire note or certificate of beneficial ownership is presented and surrendered by the owner or holder, and the Director, Finance Office, is satisfied as to the identity of the instruments and that any missing portions are not sufficient to form the basis of a valid claim against the United States or the borrower; or

(ii) The owner or holder is the United States, a Federal Reserve Bank, a Federal Government Corporation, a State or territory, or the District of Columbia.

(3) An indemnity bond without surety will be provided in the following cases:

(i) Cases involving registered unassigned obligations held by banks, trust companies, savings and loan associations, or companies holding certificates of authority from Secretary of the Treasury as acceptable sureties on Federal Bonds (companies listed on Treasury Department Circular 570) where the financial responsibilities of such claimants are well known or readily ascertainable.

(ii) Cases involving registered unassigned obligations where the evidence reasonably justifies a conclusion that the obligations were destroyed and the unpaid principal and interest amount does not exceed \$1,000.

(4) An indemnity posted with a qualified surety is required in all cases involving registered unassigned obligations other than those cited in paragraphs (b)(2)(i), (b)(2)(ii), (b)(3)(i) and (b)(3)(ii) of this section. A qualified surety is a company holding a certificate of authority from the Secretary of the Treasury as acceptable sureties on Federal Bonds, and listed in Treasury Department Circular 570.

(5) All indemnity bonds for notes must be payable to both the borrower and FmHA or its successor agency under Public Law 103–354. All indemnity bonds for certificates of beneficial ownership must be payable to FmHA or its successor agency under Public Law 103–354. The bond may be posted at the time the note or certificate of beneficial ownership becomes eligible for repurchase by FmHA or its successor agency under Public Law 103–354. If the holder desires to continue to hold the note for the life of the note, an indemnity bond will not be required.

(6) An assignment of the note or certificate of beneficial ownership shall be made to the United States of America, acting through the Farmers Home Administration or its successor agency under Public Law 103–354, United States Department of Agriculture. An acceptable form of assignment is available from the Director, Finance Office.

(c) *Other cases.* Cases involving bearer obligations and other cases not discussed in this section will be forwarded to the Director, Finance Office, for requirements.

(d) *Replacement of notes.* FmHA or its successor agency under Public Law 103–354 will not attempt to obtain replacement notes from borrowers.

Subparts L–N [Reserved]

PART 1902—SUPERVISED BANK ACCOUNTS

Subpart A—Supervised Bank Accounts of Loan, Grant, and Other Funds

Sec.

1902.1 General.

1902.2 Policies concerning disbursement of funds.

1902.3 Procedures to follow in fund disbursement.

1902.4 Establishing MFH reserve accounts in a supervised bank account.

1902.5 [Reserved]

1902.6 Establishing supervised bank accounts.

1902.7 Pledging collateral for deposit of funds in supervised bank accounts.

1902.8 Authority to establish and administer supervised bank accounts.

1902.9 Deposits.

1902.10 Withdrawals.

1902.11 Servicing Office records.

1902.12–1902.13 [Reserved]